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Report On  
The Audit Of  
The Financial Statements Of  
Westbank ARC, Incorporated  
June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/10/10

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**JULES RICHARD, III**  
CERTIFIED PUBLIC ACCOUNT

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INDEPENDENT AUDITOR'S REPORT

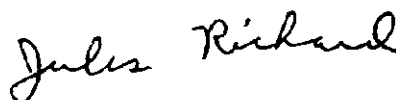
Board of Directors  
Westbank ARC, Inc.

I have audited the accompanying Statement of Financial Position of Westbank ARC, Inc. (a nonprofit organization) as of June 30, 2009 and the related statements of activities, functional expenses and change in cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the statements applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westbank ARC, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 2, 2009, on my consideration of the Westbank ARC, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Jules Richard  
Certified Public Accountant

December 2, 2009

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2009**

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 214,208
Due from funding sources	35,047
Accrued interest receivable	10,973
Certificates of deposit	221,903
Prepaid expenses	<u>48,133</u>
Total Current Assets	<u>530,264</u>
Property and Equipment	
Automobiles	180,356
Leasehold improvements	70,161
Furniture and equipment	<u>73,932</u>
	324,449
Accumulated Depreciation	<u>169,156</u>
Total Property and Equipment	<u>155,293</u>
Investments	<u>345,784</u>
Total Assets	<u><u>\$ 1,031,341</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 30,700
Payroll taxes payable	2,786
Unspent horticulture grant	59,051
Accrued payroll	<u>36,705</u>
Total Current Liabilities	<u>129,242</u>
Net Assets	
Unrestricted	
Designated	23,984
Undesignated	<u>878,115</u>
Total Net Assets	<u>902,099</u>
Total Liabilities and Net Assets	<u><u>\$ 1,031,341</u></u>

See accompanying notes to financial statements

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**REVENUES**

**DIRECT PROGRAM REVENUE**

Day-Habilitation Program	\$ 460,294
Supported Employment Program	38,804
Janitorial Services Program	294,182
Lawn Care Services Program	92,741

**INDIRECT SUPPORT AND OTHER INCOME**

Donations	17,914
Rental Donation	56,405
Fundraisers (Net of Expenses of \$14,648)	38,803
Net Gain(Loss) on Investments Carried at Fair Value	(104,550)
Interest and Dividend income	38,704
Miscellaneous Income	<u>10,896</u>

Total Revenue	<u>944,193</u>
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**EXPENSES**

Program Services-Day Habilitation	457,145
Program Services-Supported Employment	69,722
Janitorial Services Program	339,422
Lawn Care Service	137,933
Management and General	116,356
Total Expenses	<u>1,120,578</u>

Increase(Decrease) in Net Assets	<u>(176,385)</u>
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Unrestricted Net Assets Beginning of Year	<u>1,078,484</u>
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Unrestricted Net Assets End of Year	<u><u>\$ 902,099</u></u>
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See accompanying notes to financial statements

**WESTBANK ARC, INCORPORATED**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Day Habilitation	Supported Employment	Janitorial Services	Lawn Care Services	Management and General	Totals
Salaries	\$ 288,110	\$ 35,572	\$ 230,858	\$ 81,744	\$ 79,231	\$ 715,515
Depreciation	19,640	-	13,743	13,842	1,348	48,573
Insurance	22,376	226	27,321	-	14,685	64,608
Lease	37,227	20,578	9,000	13,787	1,600	82,192
Office expense and postage	19,978	914	3,566	714	2,477	27,649
Payroll tax expense and benefits	22,504	8,651	16,944	7,293	11,872	67,264
Professional services	2,743	625	625	625	4,100	8,718
Repairs and maintenance	3,728	-	329	3,799	7	7,863
Supplies	12,500	-	19,520	9,210	-	41,230
Telephone	5,629	1,717	3,873	275	251	11,745
Travel and seminars	335	260	40	-	35	670
Utilities	2,225	750	2,544	-	577	6,096
Bad debt expense	235	-	-	1,050	-	1,285
Vocational aids	121	-	-	-	-	121
Vehicle expense	19,794	429	11,059	5,594	173	37,049
<b>Totals</b>	<b>\$ 457,145</b>	<b>\$ 69,722</b>	<b>\$ 339,422</b>	<b>137,933</b>	<b>\$ 116,356</b>	<b>\$ 1,120,578</b>

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Cash flows from operating activities	
Increase(Decrease) in net assets	\$(176,385)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	48,573
Unrealized loss on investments	104,550
Decrease in due from funding source	7,960
Increase in accrued interest receivable	(6,704)
Increase in prepaid expenses	(38,835)
Increase in accounts payable	8,810
Increase in payroll taxes payable	(1,858)
Increase in unspent horticulture grant	59,051
Increase in accrued payable	<u>36,705</u>
Total adjustments	<u>218,252</u>
Net cash provided by operating activities	<u>41,867</u>
Cash flow from investing activities	
Purchase of investments	(10,080)
Purchase of equipment	(13,658)
Proceeds from the sale of investments	<u>5,991</u>
Net cash used in investing activities	<u>(17,747)</u>
Net increase in cash and cash equivalents	24,120
Cash and cash equivalents, beginning of year	<u>190,088</u>
Cash and cash equivalents, end of year	<u><u>\$ 214,208</u></u>

Westbank ARC, Incorporated paid no income tax during the year since the Organization is exempt from federal income taxes under 501( c) 3 of the internal revenue code. The Organization also had no interest expense.

See accompanying notes to financial statements

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Organization - Westbank ARC, Inc. (Formerly Westbank Association for Retarded Children, Inc.), a Louisiana Not-for-Profit Organization, organized October 24, 1956, provides supported employment and day habilitation services to individuals diagnosed with developmental disabilities.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles of not-for-profit accounting.

Accounting Standards - During 1997, the Association adopted the provisions of Statement of Financial Accounting Standards SFAS No. 116 *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, and SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and applied these standards on a retroactive basis.

SFAS No. 116 requires that unconditional promises to give be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into these net asset categories according to donor imposed restrictions and expenses of the organization's operation be classified functionally for accounting and reporting purposes.

A description of the three net asset categories required by SFAS No. 117 follows:

Permanently Restricted Net Assets - These are net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - These are assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time.

Unrestricted Net Assets - These are net assets not subject to donor-imposed stipulations.

As of June 30, 2009 Westbank ARC, Inc. has no permanently restricted or temporarily restricted net assets. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Cash and Cash Equivalents - Cash and cash equivalents, for statement of cash flow purposes, include investments in highly liquid debt instruments with original maturity of three months or less.

Accounts Receivable- In the opinion of management, substantially all receivables are collectable in full; therefore, no allowance for doubtful accounts is provided.

Investments - In accordance with SFAS No. 124 investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Property and Equipment - Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred; major betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 31.5 years. Depreciation expense for the year ended June 30, 2009 was \$48,573.

Donated Services - SFAS No. 116 requires that donated services should be recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills. No amounts have been recognized in the statement of activities, because the criteria for recognition under SFAS No. 116 have not been satisfied.

Other Donations- Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions are reported as restricted support. Absent donor stipulations regarding how long those donor assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The donation of the use of our Cook Street location is set up at fair rental value (see Note 4).

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk - The Company maintains a cash balance at two financial institutions. At the present time, accounts at each institution are insured by the Federal

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Deposit Insurance Corporation up to \$250,000. As of June 30, 2009, there were no uninsured balances.

Income Taxes - The Association is exempt from taxes under Section 501 (c) (3) of the Internal Revenue Code. No provision for taxes is necessary.

Functional Expense Allocation – Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**NOTE 2 - CERTIFICATE OF DEPOSIT**

Certificates of deposit are carried at cost. At June 30, 2009 the Association had certificates of deposit as follows:

<u>Bank</u>	<u>Cost</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u>
OBA Federal Bank	10,000	5.300%	January 29, 2010	10,000
First Bank	20,000	3.250%	July 23, 2010	20,000
Discover Bank	30,000	5.100%	January 31, 2011	30,000
Discover Bank	30,000	5.100%	January 31, 2012	30,000
BMW Bank	60,000	3.000%	April 2, 2012	60,000
Merrill Lynch	10,400	0.000%	October 3, 2012	15,000
Key Bank	25,000	4.300%	December 20, 2012	25,000
Standard Federal	10,000	4.400%	December 24, 2013	10,000
Fremont Bank	13,000	4.000%	April 14, 2014	13,000
LaSalle Bank	<u>13,500</u>	0.000%	May 9, 2017	<u>27,000</u>
	<u>\$221,903</u>			<u>\$240,000</u>

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Organization's investments are summarized below:

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 3—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u> <u>(All @ Level 1)</u>	<u>Appreciation</u> <u>(Depreciation)</u>
Mutual Funds	\$ 369,969	\$ 298,138	\$ (71,831)
Bonds	55,297	47,636	(7,661)
Total	<u>\$ 425,266</u>	<u>\$ 345,784</u>	<u>\$ (79,482)</u>

Investment return is summarized as follows:

Interest and Dividend Income (Net)	\$ 38,704
Unrealized Gains (Losses)	<u>(104,550)</u>
Total Unrestricted Investment Income (Losses)	<u>\$ (65,846)</u>

SFAS NO. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. The Association uses appropriate valuation techniques based on the available inputs to measure fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Association and Level 3 (lowest priority) inputs were only used when Level 1 or Level 2 inputs were not available.

**Level 1 Fair Value Measurements**

The fair value of mutual funds is based on quoted net asset values of the shares held by the Association at year-end. The fair values of common stock, corporate bonds and U.S. Government securities are based on quoted market prices. The following table provides further details of the Level 1 fair value measurements.

	<u>Government</u> <u>Bonds</u>	<u>Mutual</u> <u>Funds</u>	<u>Total</u>
Beginning Balance -July 1, 2009	\$ 52,815	\$ 387,438	\$ 440,253
Total Gains or Losses (realized and unrealized) included in changes in net assets	(3,307)	(101,243)	(104,550)
Purchases, sales, issuances, and settlements (net)	<u>(1,862)</u>	<u>11,942</u>	<u>10,080</u>
Ending Balance-June 30, 2009	<u>\$ 47,646</u>	<u>\$ 298,137</u>	<u>\$ 345,783</u>

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 4 - COMMITMENTS**

The Association leases its building under a twenty-five year lease beginning January 1, 1988 and ending December 31, 2013 for a yearly rental of one dollar. The current estimated fair rental value of the facility less the Association's annual contractual lease obligation is equal to \$56,405, which is recorded as rental donation revenue and rent expense.

The lease restricts the use of the premises to the operation of a school for retarded children. The Lessee is required to maintain public liability insurance on the building in the amount of \$100,000/\$300,000. The lease may be renewed for a like term and at the same rental by giving sixty days notice to the Jefferson Parish School Board before expiration.

During the fiscal year ended June 30, 2005, the Association entered into a non-cancelable operating lease for additional office space. The lease calls for monthly payments in the amount of \$1,150. Total rent expense under this agreement for the year ended June 30, 2009 amounted to \$13,800. At June 30, 2009, the lease agreement was month to month allowing either party to cancel the agreement with 30 days notice.

**NOTE 5 - CONCENTRATION OF SUPPORT**

The Association receives a substantial amount of its support from the State of Louisiana and Parish of Jefferson, Louisiana. A significant reduction in the level of this support, if it were to occur, would have an effect on the Association's programs and activities.

Receivables from funding sources for services rendered are unsecured.

**NOTE 6 - AMOUNTS PAID TO GOVERNING BOARD MEMBERS**

For the year ended June 30, 2009 there was no compensation paid to the members of the Board of Directors of Westbank ARC, Inc.

**NOTE 7- DESIGNATED UNRESTRICTED NET ASSETS**

The Board of Directors of this Organization has set aside \$23,984 of its unrestricted net assets to be used for the enhancement and improvement of the lives of the clients involved in the Organization. There was no change in this amount during the fiscal year.

**NOTE 8- UNSPENT HORTICULTURAL GRANT**

During the current fiscal year, Westbank ARC received a grant from the state of Louisiana to help pay for a work opportunities horticultural program. The program was never really started during the year by the Organization. The terminal date for the grant was June 30, 2009. The Organization is presently in discussion with the state to either return the grant or to receive permission to use the money for another work opportunities program.

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 9- RETIREMENT PLAN**

During the fiscal year ended June 30, 2007, the Center established a Simple IRA retirement plan for the benefit of its employees. All employees are eligible to participate in the plan. Employees are permitted to contribute the lesser of 100% of compensation or the annual limit set forth by the Internal Revenue Service (\$11,500 for the year ended June 30, 2009).

The Center has elected to match employees' contributions up to 3% of compensation. All contributions investments are member directed. Participants' contributions along with employer contributions are 100% vested at the time of contribution.

Total employer contributions to the plan by the Center for the year ended June 30, 2009 amounted to \$3,700.

**JULES RICHARD, III**  
CERTIFIED PUBLIC ACCOUNT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Westbank ARC, Inc.

I have audited the financial statements of Westbank ARC, Inc. (a nonprofit organization) as of and for the year ended June 30, 2009 and have issued my report thereon dated December 2, 2009. I conducted my audit in accordance with 2009 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Westbank ARC, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Westbank ARC, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the

organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting, finding reference number 2009-1. This finding was the same as finding 2008-1 in the audit for last year.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westbank ARC, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Westbank ARC, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit Westbank ARC, Inc.'s response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jules Richard, CPA  
Metairie, Louisiana

December 2, 2009

WESTBANK ARC, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2009

SIGNIFICANT DEFICIENCIES

2009-1    Segregation of Duties

Condition: Due to the size of the administrative staff, the Organization is too small to effect a meaningful segregation of duties. All authorizations and approval of cash disbursements are performed by the Executive Director or board member and all accounting functions are performed by the accountant.

Criteria: The accounting functions should be performed by a few individuals to assure proper segregation of duties.

Effect: The Organization is unable to assure that its assets are properly safeguarded.

Recommendation: I recommend the Board of Directors continue its significant involvement in the financial affairs of the Corporation through review of monthly financial reports and periodic review of the Corporation's day to day financial activities.

STATUS OF PRIOR YEAR AUDIT FINDINGS

<u>Reportable condition</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Finding</u>
2008-1 Segregation of Duties		X	2009-1

MANAGEMENT'S RESPONSE

The Board of Directors will continue to provide oversight and an independent review function. In addition, the Board will study whether it can allocate more resources to the accounting department as the organization grows.